

**STATE WATER RESOURCES CONTROL BOARD
DIVISION OF FINANCIAL ASSISTANCE
CLEAN WATER STATE REVOLVING FUND
FREQUENTLY ASKED QUESTIONS**

Stimulus Package

1) *Will projects already on the PPL still receive loans?*

Yes, stimulus projects will be incorporated into the existing PPL. Projects will continue to be selected based on readiness to proceed.

2) *Will projects that are not on the PPL have the opportunity to be added to the list in the near future?*

Yes, project selection is based on readiness to proceed. We will amend the 2008-09 PPL to include projects receiving stimulus funding.

3) *Will these funds be available for stormwater quality projects?*

Yes, as long as a project is eligible under current the CWSRF Policy, it should also be eligible for stimulus money.

4) *Will grants be available for "shovel-ready" projects?*

At this time there are no indications that grant funding will be available. More information will be available once the stimulus bill is introduced.

5) *What is the definition of "shovel-ready?"*

To be considered "shovel-ready" a project must be ready for a financing contract.

6) *Will the stimulus bill affect Prop 84 projects dealing with water quality/conservation?*

No, prop 84 funding will not be affected, but if a project is a qualifying water quality project under the CWSRF Policy, the agency is encouraged to apply for a CWSRF loan.

7) *Is the stimulus money available for nonpoint source (NPS) projects or just infrastructure projects?*

The stimulus money should be available for both NPS and infrastructure projects. For more information on nonpoint source projects and other expanded use projects, please check out the Expanded Use Strategy at:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/download_edstrategy.pdf.

8) What are the criteria for project selection? What is the timeline?

Criteria for project selection will likely remain the same as it currently is, unless the federal government adds additional criteria. The timeline is unknown at this time.

9) Will there be potential funding support for the programs and grants under the current Waterboard "freeze?"

Yes, if those projects are eligible for CWSRF funds. Please be aware that it will likely be difficult for the CWSRF to fund projects that have already started construction.

10) Is the stimulus money available for non-profit that implement large water quality or habitat restoration projects?

Stimulus funds are expected to be available for any project that can normally be funded by the CWSRF, including expanded use projects.

11) Is the information presented at the workshops going to be available online?

Yes. Our new Economic Recovery website contains House and Senate Bill updates, and the workshop presentations and handouts:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/econ_recovery_info.shtml

General

1. What is the Clean Water State Revolving Fund (CWSRF) Program?

The CWSRF is a financial assistance Program. The purpose of the CWSRF is to implement the federal Clean Water Act (CWA) and various State water quality laws by providing financial assistance for construction or implementation of projects that address water quality problems and to prevent pollution of the waters of the State.

The CWSRF Program provides low-interest loans and other financing mechanisms for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water recycling facilities, storm water treatment facilities, as well as, expanded use projects such as implementation of nonpoint source (NPS) projects or programs, and development and implementation of estuary Comprehensive Conservation and Management Plans (CCMPs).

For more information on the CWSRF Program, please visit the website at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/index.shtml

The policy for implementing CWSRF for construction of wastewater treatment facilities is at: http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/srf_policy_9_16_08_adopted_version.pdf

The policy for implementing CWSRF for expanded use projects is at:
http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/downloadedstrategy.pdf

2. *Why are the CWSRF interest rates so low?*

As required by law (California Water Code, Section 13480), the CWSRF combined funding interest and loan service rate is set at a rate that does not exceed 50 percent of the interest rate paid by the State on the most recent sale of State General Obligation bonds. These low rates will likely result in significant savings for communities that use these funds to construct eligible projects.

3. *What types of projects are eligible for CWSRF funding?*

Eligible projects include construction of publicly-owned municipal waste treatment facilities, such as, wastewater treatment infrastructure, storm water elimination/treatment/reduction facilities, or municipal landfill leachate treatment systems (CWA Section 212 projects), implementation of measure or project in the State's NPS Management Programs (CWA Section 319 projects), and development and implementation of National Estuary Programs (CWA Section 320 projects).

Section 319 - California NPS Pollution Control Program Weblink:
http://www.waterboards.ca.gov/water_issues/programs/nps/protecting.shtml

Section 320 – California Estuary CCMPs Weblinks.
San Francisco Bay CCMP: <http://www.sfestuary.org/ccmp.html>
Morro Bay CCMP: <http://www.mbnep.org/conservation/>
Santa Monica Bay CCMP:
<http://santamonica.org/smbay/AboutUs/TheBayRestorationPlan/tabid/55/Default.aspx>

4. *Why should you borrow from CWSRF?*

The primary benefit is the cost savings due to reduced interest rates. The CWSRF funding cost (at a 3% interest rate) can amount to a 25% grant-equivalent subsidy when compared to obtaining a 20-year market loan using conventional funding (at a 6% interest rate). Each applicant needs to review financing options as the actual savings will depend on the project details.

For a financial analysis tool that helps identify the most cost effective method for your project, please visit and download the tool from USEPA's website at:
<http://www.epa.gov/owm/cwfinance/cwsrf/fact.htm>

5. *Who are eligible applicants for CWSRF funding?*

Any city, town, district, or other public body created under state law, a Native American tribal government or an authorized Native American tribal organization with jurisdiction over disposal of sewage, industrial wastes or other wastes, and any designated and approved management agency under Section 208 of the CWA.

6. Does the CWSRF Program offer any grants?

Currently CWSRF does not offer grants. However, the Division of Financial Assistance (DFA) offers grants for many types of water quality projects through other DFA Programs. For additional information, please visit DFA's at http://www.waterboards.ca.gov/water_issues/programs/grants_loans/.

7. What is the difference between the California Drinking Water State Revolving Fund (DWSRF) and the CWSRF Programs?

The California DWSRF Program is administered by the California Department of Public Health (CDPH) and provides financial assistance to address drinking water systems' problems that pose public health risks, systems with needs for funding to comply with requirements of the Safe Drinking Water Act, and systems most in need on a per household affordability basis. For more information on the DWSRF program, visit the CDPH website at <http://www.cdph.ca.gov/services/funding/Pages/SRF.aspx>.

The California CWSRF Program is administered by the State Water Resources Control Board. The CWSRF implements the Clean Water Act (CWA) and various State water quality laws by providing financial assistance for construction or implementation of projects that address water quality problems or prevent pollution of State waters.

8. What is the difference between point source and non-point source (NPS) projects?

Point source projects are single sources of pollution such as municipal or industrial sources that commonly have a federal National Pollution Discharge Elimination System (NPDES) and/or State Waste Discharge Requirements (WDRs) such as Wastewater Treatment Plant discharges. NPS project means any programs, devices, methods, or systems used for preventing, abating, reducing, transporting, separating, storing, treating, recycling, or disposing of pollutants from nondistinct, unconfined sources, including return flows from irrigated agriculture.

Funding Information

1. What is the CWSRF interest rate?

The interest rate is set at one-half of the most recent State General Obligation Bond Rate. During the last 10 years it has ranged between 2.5% to 3.5% per year.

2. How much CWSRF money is available during each year?

\$200-\$300 million annually.

3. How much is the typical dollar amount for a CWSRF financing agreement?

There is no typical dollar amount. The dollar value of financing agreements has ranged from under \$1 million to more than \$350 million. The dollar value of an average financing agreement is \$11 million.

4. *What is the maximum CWSRF financing term?*

The CWSRF financing term (repayment period) is 20 years. Extended term financing will be available in the future for small, disadvantaged communities.

5. *Do applicants receive CWSRF funding up front (prior to the start of construction)?*

CWSRF funds are disbursed after execution of the Financing Agreement, which generally is after the start of construction. Funds are then disbursed on a cost-incurred basis. The eligible allowances for planning, design, and construction may be disbursed with the first disbursement request.

6. *Can leftover CWSRF funds (construction costs are lower than the amount of the low bid) be used for something else?*

Generally no. CWSRF funds should be used only for authorized expenses per the financing agreement. However, the Division may approve change orders provided that such changes do not: (1) increase the maximum amount of the CWSRF Financing agreement based on actual bid selected for the Project or (2) result in a substantial change in the work.

7. *Are CWSRF recipients required to follow competitive bid laws?*

Each recipient has the ultimate responsibility of making its own Competitive Bidding Requirements determination in compliance with the California Public Contract Code (PCC). Applicants may contact DFA at (916) 327-9978 or send an email to CleanWaterSRF@waterboards.ca.gov for general guidance regarding meeting the PCC requirements.

8. *How are the CWSRF Construction funds disbursed?*

CWSRF funds are disbursed on a cost-incurred basis for approved projects. Requests for disbursements for eligible project allowances and construction may be submitted at any time after execution of the financing agreement. The DFA staff reviews and processes the request for payment. Generally the check is sent within 30 days from the date our office receives the recipient's completed disbursement request with all required documentation.

9. *What about Pre-Award Approval of equipment purchased to support long-lead time material procurement requirements?*

DFA has provisions to allow pre-approval of equipment purchased to support a project. If the appropriate justification, advertising and solicitation of equipment was performed it is possible to obtain CWSRF funding for sole source equipment. DFA approval must occur prior to any purchase orders or contracts being issued as Final Plans & Specifications or Pre-Qualification approval letter.

Applicants may contact DFA at (916) 327-9978 or send an email to CleanWaterSRF@waterboards.ca.gov for further guidance.

10. What is the maximum CWSRF financing amount?

There is no upper limit for an eligible project. However, there is an annual funding cap that is established by the State Water Board typically on an annual basis. Currently the cap is \$50 million per agency/per year. However, DFA has discretion to provide to funding in excess of the funding cap so long as it does not unduly limit other applicants' ability to receive funding commitments during that State Fiscal Year.

11. How soon can we expect our CWSRF check once we've submitted our disbursement for review and processing?

Generally within 30 days from the date our office receives the recipient's completed disbursement request with all required documentation.

12. Does the State Water Board have wire transfer capabilities for disbursements and/or CWSRF funding payments?

Currently the State Water Board does not have wire transfer capabilities.

Application Process

1. How do I apply for CWSRF financing?

CWSRF application materials are located at the following web site:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.shtml

The initial step is to place your project on the CWSRF Project Priority List (PPL) by applying through the Financial Assistance Application Submittal Tool (FAAST). Once you apply for the PPL, you can request a Financial Assistance Application and a DFA Project Manager for your project by sending an email to CleanWaterSRF@waterboards.ca.gov or calling (916) 327-9978. The Project Manager will assist you throughout the CWSRF financing process and will be your single point of contact for questions and guidance.

2. What is the CWSRF Project Priority List (PPL)?

The CWSRF Project Priority List (PPL) is a five-year list of all projects eligible to compete for CWSRF financing during that state fiscal year (SFY). A project must be on the PPL to receive CWSRF funding. Once a project is on the PPL, it will remain on the list until one of the following occurs:

- a. The project receives a CWSRF Financing Agreement.
- b. The project is completed using a different funding source.
- c. The applicant requests that the project be removed from the PPL.

d. The project has been on the PPL for five years with no activity.

The State Water Board updates the PPL annually, with the applications opening in January, and adoption of the PPL in the summer.

3. *How do I get my project on the PPL?*

DFA currently uses an online application submittal form, FFAST, to accept all PPL applications and updates. To stay up to date on the CWSRF Program, and to be notified of the PPL application open period and adoption, we suggest signing up for our email subscription list for the ***Clean Water State Revolving Fund*** and ***Priority Lists and Grant Bulletins***. Once you are on these lists, you will be notified of the procedures to apply for and maintain your project on the CWSRF PPL. To sign up for email subscriptions, go to:

http://www.waterboards.ca.gov/resources/email_subscriptions/swrcb_subscribe.shtml

4. *Should I bother placing a project on the CWSRF Project Priority List (PPL) if I am pursuing a grant or loan somewhere else?*

Yes, if the Agency intends to keep CWSRF funding as an option and plans to submit an application for this funding.

5. *What is the CWSRF Intended Use Plan (IUP)?*

The IUP is required by the CWSRF federal statutes and regulations. It is a planning document which outlines the State Water Board's business plans for the Program, and lists the projects anticipated to receive funding for each State Fiscal Year (SFY).

6. *How are projects placed on the IUP List?*

Projects are transferred from the PPL to the IUP based on the DFA's determination of the project's 'Readiness to Proceed'. To see or print current IUPs click the following link to the State Water Board web site:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/index.shtml

7. *How does DFA prioritize CWSRF projects?*

Currently the prioritization and funding is based on the project's 'Readiness to Proceed'. The CWSRF Policy lists Class A through E projects and each year the State Water Board, at the time the PPL is adopted, determines which funding Classes are eligible for CWSRF financing. For FY 2008/09 the eligible funding Classes with the highest to lowest priority are designated Classes A through D.

8. *What is the CWSRF Facility Planning process?*

The Facility Planning process includes DFA approval of the Project Report, environmental documents, compliance with water conservation requirements, and an

applicant credit analysis. This process ends with DFA issuing the Facility Plan Approval Letter, which is the first major DFA approval, and usually signals the beginning of the design phase. Specific information on these documents may be found in Section IX of the CWSRF Policy:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/docs/srf_policy_9_16_08_adopted_version.pdf

9. *Who should write the Facility Planning documents?*

Some larger agencies, with appropriate experience, choose to prepare the documents themselves. However, for a majority of our applicants the planning documents are written by consultants. DFA experience suggests that credible consultants have the resources, experience, and knowledge to provide adequate planning documents for CWSRF projects.

10. *What does the CWSRF environmental compliance process entail?*

Final Environmental documents must meet the general requirements of the California Environmental Quality Act (CEQA). Applicants must meet any specific CEQA requirements that apply where a state agency and/or the applicant is the “responsible agency” as defined in CEQA.

Project applicants must provide documentation that will allow DFA to determine whether consultation with federal environmental agencies (Tier I review) is necessary. Projects that adequately document a “no effect” finding under federal environmental statutes, regulations and policies may qualify for Tier II review. Tier II projects must comply with CEQA, but will not involve review by federal agencies or their designated representatives through the CWSRF Program. For additional details see the CWSRF Policy Section IX.B and Appendix E.

Applicants may contact DFA at (916) 327-9978 or send an email to CleanWaterSRF@waterboards.ca.gov for further guidance.

11. *Where can I find information about the requirements for Minority/Women Business Enterprises (MBE/WBE)?*

DFA currently utilizes MBE/WBE guidelines that are available at the following web site:

http://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/srf_forms.shtml

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